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COAL POLICY OF NORTH CHINA, 1940-1944

Chung-yang Yin-hang Yueh-pao
(Central Bank Monthly),
Vol IV, No 2, pp 67-70
Shanghai, Feb 1949

[Comment: This report summarizes an article entitled, "The Coal Policy of North China During the Past War," written by T'ung Che-hui and published in the Chung-Yang Yin-hang Yueh-pao (Central Bank Monthly), February 1949. The article includes a chart giving figures on coal briquette prices and subsidies in North China from 1940 to 1944, and a chart showing the coal wholesale price index of Japan, Tientsin, and Shanghai.]

Introduction

The area of North China, as referred to in this article, includes Hopeh, Shantung, Chahar, Suiyuan, North Shansi, and parts of Kiangsu and Honan north of the Lung-hai Railway.

This article is based on "The Essential Survey of North China Coal Industry," published by the North China Coal Sales Company, Ltd (Hua-pai Shih-t'an Fan-mai Ku-fen Yu-hsien Kung-ssu, 華北石炭販賣股份有限公司) and the research reports made by the Japanese Embassy in Peiping.

Methods of Determining Coal Prices in North China

During World War II, the sale of coal in North China was controlled by the following companies:

1. North China Coal Sales Company, Ltd
2. Shantung Coal Mines Production and Sales Company, Ltd (Shan-tung Mei-k'uang Ch'an-hsiao Ku-fen Yu-hsien Kung-ssu, 山東煤礦產銷股份有限公司)
3. Mongolia-Sinkiang Coal Production and Sales Company, Ltd (Meng-ch'iang Ku'ang-ch'an Fan-mai Ku-fen Yu-hsien Kung-ssu, 蒙疆礦產販賣股份有限公司)
4. K'ai-lo Coal Mine (K'ai-lo Mei-k'uang, 開灤煤礦)

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The following mines were under the jurisdiction of North China Coal Sales Company, Ltd:

1. Hopeh -- Ching-hsing (井陘), Cheng-feng (正豐), Ts'u-hsien (磁縣)
2. Shantung -- Hua-feng (華豐), Hua-pao (華寶), Chung-hsing (中興), Hsin-t'ai (新泰)
3. Shansi -- Yang-ch'uan (陽泉), Shou-yang (壽陽), Hsien-kang-chen (軒岡鎮), Hsi-shan (西山), Fu-chia-t'an (王家院)
4. Honan -- Liu-ho-kou (六河溝), Chiao-tso (焦作), P'eng-hsin (沁縣)
5. Kiangsu -- Liu-ch'uan (柳泉)

The coal prices were determined by the North China Coal Sales Company, Ltd in the following manner: The coal prices were derived from costs per ton plus a certain percentage of profit. This was determined in accordance with the costs given by the individual mines and the surveys of those mines and the general market condition.

The price at which the coal was sold was calculated by adding other expenses to the original cost. To determine the sales price, the sales costs per ton of each grade or classification of coal were multiplied by the total amount purchased. The sums were added. This method of determining coal prices is called the weighted average method, and the Japanese called it the "Standard Price System." The sales costs for each grade or classification of coal added to transportation costs and miscellaneous costs and a certain percentage of profit gave the market price for coal briquettes.

The following mines were under the jurisdiction of Shantung Coal Mines Production and Sales Company, Ltd: Tzu-ch'uan (淄川), Po-shan (博山), Hei-shan (黑山), Nan-ting (南定), and Chang-ch'iu (章邱)

The method of determining coal prices for this company was similar to the North China Coal Sales Company, Ltd.

The following mines were under the jurisdiction of Mongolia-Sinkiang Coal Production and Sales Company, Ltd: Ta-t'ung (大同), Ta-ch'ing-shan (大青山), and Hsia-hua-yuan (下花園)

The sales prices of coal were determined by adding the costs to other expenses and to the required percentage of profit. The coal produced by different mines had different prices.

Prior to 1941, the price of coal produced by the K'ai-lo Coal Mine was determined by the Japanese in accordance with the price standards of local areas. Later, price standards were set in accordance with the North China Coal Sales Company, Ltd.

Coal Price Policy of North China

Coal was sold to the military, railways, steel manufacturers, electric power industry, salt and cement manufacturers, consumers, shipping, and to countries including Japan, Korea, Manchukuo, and to Central and South China.

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<u>Sales to</u>	<u>Place Where Coal Was Transferred</u>
Military	Mines
Steel manufacturers	Peiping, Tientsin, Shih-men, Tsinan, T'ai-yuan
Electric Power Industry	Same as above
Salt	Same as above
Cement	Same as above
Consumers	Same as above
Japan	Yahata, Hirohata
Korea	Insam
Central-South China	P'ang-fan, Tsingtao
Manchukuo	Shan-hai-kuan

Subsidies granted on sale of coal briquettes to Japan, Korea, military, railways, steel manufacturers, and electrical works in 1941 amounted to 51,970,000 yuan [In units of Japanese occupation scrip].

1. Coal Briquette Prices and Subsidies in North China (in yuan [Japanese occupation scrip] per ton) 1940-1944

Sales To	1940	1941		1942		1943		1944	
	Price	Price	Subsidy	Price	Subsidy	Price	Subsidy	Price	Subsidy
Japan	22.91	29.41	5.35	31.62	7.27	47.08	21.76	90.95	24.13
Korea	27.73	30.31	2.58	32.10	4.38	45.94	19.68	75.79	15.19
Military				15.68	7.60	24.86	4.98	65.52	11.43
Railways				14.45	2.61	24.31	4.59	57.33	11.34
Steel Manufacturers				20.88	6.06	31.46	6.34	69.41	13.68
Electrical works				18.95	2.22	24.84	4.88	66.30	13.23
Salt and cement manufac- turers				19.51	.16	31.20	3.18	64.45	6.41
Consumers				20.25*	.46	29.13		65.76*	26.31
Shipping companies				27.22*	1.79	34.84		87.88	
Manchukuo				27.36		37.31		79.76	17.87
Central China				25.58*	16.18	32.10		69.44*	23.57
South China				23.87*	17.78	30.60		201.28*	13.52

Notes: *This data was taken from surveys made by the North China Development Company (Hua-peí K'si-fa Kung-szu,) and the Japanese Embassy in Peiping. Price figures indicated in the chart are weighted averages.

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2. Japan, Tientsin, and Shanghai Coal Wholesale Price
Index Chart (1936 - base year)

<u>Year</u>	<u>Japan (%)</u>	<u>Tientsin (%)</u>	<u>Shanghai (%)</u>
1936	100.00	100.00	100.00
1937	122.40	117.44	118.60
1938	138.70	161.22	142.20
1939	158.80	264.31	230.10
1940	164.20	418.34	499.40
1941	172.10	482.94	1087.00
1942	179.70	655.69	3500.00
1943		987.17	14720.00
1944		2942.04	102600.00

- Notes: 1. The wholesale price index for Japan was calculated from The Japan Year Book 1938-1944.
2. The Tientsin wholesale price index was calculated from simple geometric averages. The organization which compiled the figures was the Tientsin Research Office on the Problem of China.
3. The Shanghai price index was calculated from simple geometric averages. See Ching-chi P'ing-lun (經濟評論), Vol I, No 23.

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